

PE42. Funding Strategy Statement

The Committee and Board considered a report by the Director of Corporate and Housing Services seeking approval of an updated and consulted upon version of the Funding Strategy Statement.

The FSS is the formal record of how a Fund intends to manage its funding responsibilities. It is the framework within which the actuary carries out the three yearly funding valuation to set employer contribution rates and, as such, needs to be approved before the valuation report can be signed off by the actuary.

An FSS should contain details of a Fund's key funding objectives, including its approach to balancing the often conflicting aims of prudence and contribution rate affordability. It should also give employers' reassurance that their individual funding positions are being determined in a consistent way and, in general, provide transparency around the overall funding process.

A draft FSS for the Falkirk Fund was presented to the joint meeting in December. The draft reiterated that the target funding level was 100% and that deficits would continue to be repaired over a maximum 20 year period. The FSS also stated that individual employer contribution rates would be set using a risk based approach and having regard to the following three factors:

- **funding target** - the money each employer needs to hold in order to pay benefits
- **time horizon** - the target period for each employer to achieve full funding
- **probability of meeting target** - the probability of the funding target being achieved by the end of the time horizon taking account of the nature of the organisation

The committee discussed the extent of powers delegated by the committee to its officers and asked for a report at the next meeting .

Decision

The Committee and Board noted the updated version of the Funding Strategy Statement.

The Committee agreed the Funding Strategy Statement.

The Committee agreed that a report be brought to a future meeting of the Committee and Board which provided clarity on decision-making for the committee and delegated powers for officers.